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**State of Rhode Island and Providence Plantations**

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**Public Utilities Commission**

**Minutes of Open Meeting Held December 4, 2002**

**Attendees:** Chairman Elia Germani, Commissioner Kate Racine, Commissioner Brenda Gaynor, Steve Frias, Cindy Wilson, Thomas Massaro, Alan Nault and Luly Massaro.

**Chairman Germani called the open meeting to order at 10:00 AM in the first-floor hearing room of the Public Utilities Commission. A quorum was present.**

**3480 – Verizon Rhode Island (Verizon):** Verizon submitted for approval an interconnection agreement entered between Verizon RI and Bullseye Telecom, Inc. The Division has reviewed the agreement and recommends approval. After review, Chairman Germani asked for a motion and Commissioner Racine moved to approve the ICA. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

**3437 – Petition for Arbitration of the Interconnection Agreement Between Global NAPs (GNAPs) and Verizon RI:** This docket relates to the Commission's review of the Arbitrator's Decision issued on October 16, 2002 and Supplemental Decision on November 12, 2002. There was no discussion of the docket. (The Commission previously rendered a unanimous bench decision at the December 3, 2002 hearing, upholding the Arbitrator's Decisions on all points except insurance requirements. The Commission ordered Verizon and GNAPs to each obtain the same amount of insurance, and directed GNAPs to name Verizon as an additional insured on GNAPs' policy. The Commission also ordered that, if Verizon collocates at GNAPs facility, VRI must name GNAPs as an additional insured for that particular facility.)

**3471 – Narragansett Bay Commission (NBC):** NBC submitted a tariff advice to establish a Service Fee Schedule. The Service Fee Schedule will enable NBC to recover costs associated with such items as Lien Sales Fees, Water Disconnect and Reconnect Fees and Returned Check Fees. The Division has reviewed the filing and recommends approval.

After review, the Commission unanimously agreed to approve the tariff advice filing submitted on September 24, 2002 with the exception of the following: 1) Letter to Inform fee of \$5.00 and 2) Posting Property fee of \$10.00. The Commission believes that the costs associated with these services are already collected in NBC's current rates. **Vote 3-0.** NBC is directed to file a compliance tariff reflecting the Commission's decision.

Commissioner Racine also commended NBC for an award it recently received.

**3446 – Providence Water Supply Board (PWSB):** The Commission discussed the terms of Stipulation/Settlement (“Stipulation”) entered between the PWSB, the Division of Public Utilities and Carriers and the Kent County Water Authority. If approved by the Commission, the Stipulation will allow PWSB to recover additional operating revenues in the amount of \$4,658,599 and implement an across-the-board increase of 11.39% on all rates effective January 1, 2003. The following modifications and directives were discussed:

- 1) Hydrants Fees: The proposed Private Fire Service rate is substantially higher than the Public Fire Service rate. In the last docket, the Commission approved a rate design that would reduce the rate differential between the two classes of fire service. Consistent with this policy objective and to avoid an increase in the rate differential that the proposed across-the-board rate increase would cause, the Commission directed PWSB to maintain the current rate for Private Fire Service and allocate the Private Fire portion of the proposed across-the-board rate increase to Public Fire Service in order to reduce the rate differential between private and public fire rates. The Commission adopted PWSB’s amended Schedule CA-20 that reflects the calculation of the revised rates for public and private fire service.
- 2) Capitalized Labor Costs: PWSB is required to identify and provide costs for labor associated with capitalized labor. This shall be included as a separate line item in PWSB’s semi-annual reports.
- 3) Management of PWSB: The Commission agreed to request a meeting with Mayor-elect Cicilline or his designee to review the recommendations set forth in the Management and Operations Study of the PWSB prepared by the Vista Consulting Group in September 1994 and to discuss what can be done to afford more autonomy to the PWSB.
- 4) Future Pension Contributions: In the event PWSB is makes a significantly lower annual pension contribution (10% or more below the \$1.9 million annual allowance in rates), PWSB is required to set aside and restrict funds representing the difference and use those funds for future pension contributions; however, PWSB may petition the Commission for approval to use such restricted funds for other purposes.
- 5) Automated Meter Reading: PWSB is required to continue reporting on the installation of the AMRs and is directed to identify and account for ERT charge revenues in the cost of service.
- 6) Real Estate Tax Refunds: PWSB is directed to notify the Commission of any property tax refunds and maintain these funds in a separate restricted account pending Commission approval of the disposition of such funds.

Commissioner Racine moved to approve the Stipulation with the modifications and directives discussed at this open meeting. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

**3436 – New England Gas Co. (“Company”):** This docket relates to the Commission’s review of the Company’s Gas Cost Recovery (“GCR”) factors filed on June 3, 2002. Atty. Frias summarized that following a hearing on June 21st, the Commission approved interim GCR factors effective July 1, 2002 with the expectation that gas procurement costs would decrease. The interim rates were approved subject to further hearings and approval of final GCR factors by the Commission. Testimony proffered at a recent hearing held on the Company’s gas procurement plan indicates that the Company’s actual gas procurement costs have been within 1% of the gas procurement costs projected in June. On November 11, 2002, the Company filed a motion for final approval of the interim Gas Cost Recovery factors that have been in effect since July 1, 2002. After review, Commissioner Racine moved to grant the Company’s motion and approve as final rates the interim GCR factors that have been in effect since July 1, 2002, effective for the period July 1, 2002 through October 31, 2003. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

**Other Matters:**

1) Commissioner Racine, with the support of Commissioners Germani and Gaynor, will request that the Good Neighbor Energy Fund be added as a choice of a designated charitable organization on the State Employees Charitable Appeal list.

2) On behalf of the Commission, Commissioner Racine extended congratulations to New England Gas for its \$25,000 donation to the Salvation Army Christmas Campaign.

3) With Attorney General Patrick Lynch entering office in January, Commissioners Racine and Gaynor wished to publicly commend the legal and support staff of the Public Utility Regulatory Unit of the Attorney General Office, specifically, Assistant Attorney General Paul Roberti, and Special Assistant District Attorneys Leo Wold and William Lueker, and support staff Nancy Ricci and Diane Cipolla, for their exemplary performance as public servants on behalf of the public utility ratepayers of Rhode Island. These individuals have specialized experience and background in the area of public utilities regulation, having served with distinction not only under the current Attorney General Sheldon Whitehouse, but also during the prior tenures of Attorney General Jeffrey Pine and Attorney General James O’Neill. Commissioners Racine and Gaynor agree that they will write a letter of recommendation to this effect to Attorney General-elect Lynch.

The open meeting adjourned at 10:40 A.M.